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སྤྱི་གཙང་འབྲིང་རིམ་སློབ་གྲྭ་གོང་མ།



**MOTITHANG HIGHER SECONDARY SCHOOL THIMPHU THROMDE**

**“Every child is inspired to learn and empowered with wisdom to excel in life”**

**Annual Exam 2018**

**ECONOMICS**

**Marks: 80**

**Class IX**

**Friday 23<sup>rd</sup> Nov. 2018**

**Time: 2.15 Hours**

Name: ..... Class & Sec. .... Roll No.: .....

Invigilator's initial

For Teacher's Use Only				
	Marks	Marks Awarded	Marker's Initial	
<b>Section A</b>				
Question 1	15			
Question 2	10			
Question 3	10			
Question 4	5			
<b>Section B</b>				
Question 5	10			
Question 6	10			
Question 7	10			
Question 8	10			
Question 9	10			
Question 10	10			
<b>Grand Total</b>				

**PART I (Compulsory)**

**ECONOMICS**

Class IX

(Two hours and a quarter)

Full Marks-80

The first 15 minutes of the examination are for reading the paper only. Candidates must NOT start writing during this time

Attempt all the questions from section **A** and **ANY FOUR** questions from section **B**

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**SECTION A (40 marks)**

Directions; Read the following questions carefully. For each question there are four responses A, B, C and D. Choose the correct answer and write it in the answer sheet.

**Question 1**

- i) Communist manifesto is one of the most significant work of
  - a. Adam Smith
  - b. Karl Marx
  - c. Alfred Marshall
  - d. G.M Keynes
- ii) Following are the examples of natural resources except
  - A. Minerals
  - B. Land
  - C. Vegetation
  - D. Labour
- iii) The supply curve shifting towards the right due to technological up gradation is an case of
  - A. Extension of supply
  - B. Increase in supply
  - C. Contraction of supply
  - D. Decrease in supply
- iv) A shift away from the primary sector to the secondary and tertiary sectors in an economy indicates
  - A. The economic growth
  - B. Unhealthy economic growth
  - C. Unhealthy economic trend
  - D. Dominance of agriculture sector
- v) The size of any country's economy is measured by
  - A. Size of the population
  - B. The value of goods and services produced
  - C. Geographical size of the country
  - D. The type of economic system
- vi) Tashi has rice and Wangmo has butter. The barter form of exchange can only take place if Tashi accepts rice for Wangmo's butter and at the same time, Wangmo should also accept rice from Tashi. Which difficulty in the barter system is described in the above situation
  - A. Lack of common measure of value
  - B. Problem of portability
  - C. Lack of double coincidence of wants

- D. Lack of divisibility
- vii) If a percentage change in price is less than the percentage change in quantity supplied, the supply is said to be
- A. Price inelastic
  - B. Price elastic
  - C. Unitary elastic
  - D. Perfectly inelastic
- viii) The decision of what to produce, how to produce and for whom to produce in the production process is decided by
- A. The Government
  - B. Labours
  - C. Both government and labours
  - D. Entrepreneurs
- ix) A business organization owned by shareholders in which the total capital is divided into an equal number of portions known as shares are called
- A. Partnership
  - B. Public corporation
  - C. Joint stock company
  - D. Multi National company
- x) The followings are the characteristics of good money except
- A. Acceptability
  - B. Durability
  - C. Portability
  - D. Partially acceptable
- xi) Which of the following financial institution serves as the central bank of Bhutan
- A. Royal Monetary Authority
  - B. Bhutan National Bank
  - C. Bank of Bhutan
  - D. National Pension and Provident Fund
- xii) The foundation of classical economics was laid by
- A. David Ricardo
  - B. Malthus
  - C. Adam Smith
  - D. Milton Freedman
- xiii) Bill Gates having an aircraft is an example of
- A. Luxury
  - B. Wants
  - C. Comfort
  - D. Needs
- xiv) Those goods whose demand increases with increase in the income and decreases with decrease in income of the consumer are called as

- A. Normal goods
- B. Substitute goods
- C. Inferior goods
- D. Complementary goods

xv) Followings are the examples of tertiary sector, except

- A. Wholesale trade
- B. Banking
- C. Electricity generation
- D. Insurance

### Question 2

- a) Define commodities with two examples. [2]
- b) Advertisement creates brand names or brand images of the product in the minds of the buyers. How is persuasive advertisement different from informative advertisement? Give example of each advertisement. [3]
- c) The demand for a commodity is determined by a variety of factors. Discuss three factors affecting demand. [3]
- d) Commercial production can occur in the economic sectors, which is geared to supply goods and services for sale and make profit. Do you think commercial production is good for the economy? Why? [2]

### Question 3

- a) Do you think electricity would be the single largest export of our country in the near future? Give **TWO** reasons in support of your answer. [2]
- b) Making easy access to avail loan and uplifting the rural area is one of the objectives of the government. In your opinion, if there were no commercial banks in the country, how would it affect the people? [2]
- c) Miss Tshering bought 30 kgs of potatoes at Nu 20 per kg. A month later, she bought 35 kgs of potatoes at Nu. 15 per kg. Calculate the price elasticity of demand for Miss Tshering. [2]
- d) Why would you prefer plastic money over paper money? [2]
- e) Different countries follow different economic system to solve the basic economic problems. While Bhutan follows mixed economic system, because of various reasons. Do you think Mixed economic system would provide the best solution to solve the basic economic problems for a countries like ours? Give **TWO** justification to support your answer. [2]

### Question 4

- a) Demand curve slopes from left to right. Why? [1]

- b) What is the main aim of the firm producing goods and services in the capitalistic economy?[1]
- c) Why is specialization important for the firm? [1]
- d) Financial institution facilitates the use of money in an economy by accepting deposits and providing loans. Is it necessary to establish more banking institution in our country? Why? [2]

**SECTION: B (40 marks)**

**Attempt any FOUR questions from this section.**

**Figures in the brackets ( ) indicates the intended marks.**

**Question 5**

- a) Discuss the important features of Adam Smith’s definition. [3]
- b) Needs and wants are important concepts in economics and people often use them as synonyms. How would you differentiate between needs and wants in context to economics? Give two examples. [4]
- c) Explain with the help of a diagram to show the extension of supply. [3]

**Question 6**

- a) If you were to establish a firm, which type of firm you would choose? Give **THREE** reasons for your choice. [3]
- b) Study the following demand and supply schedule for apples in the centenary farmer’s market in Thimphu and answer the questions.

Price of apples per kg (Nu)	Quantity demanded per week (kgs)	Quantity supplied per week (kgs)
5	50	10
10	30	30
15	15	40
20	10	50

- i. Draw diagram to represent the equilibrium price from the table above. [2]
- ii. If you were a seller, how would you respond to the change in price of apples at Nu 15 and why? [1+1]
- c) Opportunity cost is a key concept in economics, and has been described as expressing “the basic relationship between scarcity and choice. Why is opportunity cost important concept in economics? [3]

**Question 7**

- a) Explain any **THREE** advantages of Planned Socialistic economic system. [3]
- b) Give **TWO** difference between local and national market. [2+2]
- c) Any producer produces goods and services with an aim to make maximum profit for the firm. As a producer, do you think that profit would be the only goal for the firm? Why? [3]

### Question 8

- a) Discuss any **THREE** factors affecting the supply of a commodity. [3]
- b) Allowing Multi-National Corporations in Bhutan offers both opportunities and threats to the country. Do you think that allowing more multi-national corporations to operate in Bhutan is a good idea? Justify your answer with **THREE** points. [3]
- c) Despite the government's commitment and persistent efforts to develop the private sector, its development has been very slow and modest. Give **TWO** reasons for the slow development of private sectors in Bhutan. [2]
- d) Explain any **TWO** features of perfect competition. [2]

### Question 9

- a) Explain the following terms: [1x3]
  - i. Place utility
  - ii. Possession utility
  - iii. Time utility
- b) Differentiate between banking and non-banking institution with example each. [1.5x2]
- c) Gross National Happiness is used as a guiding principle for our economic development. Is it necessary to use GNH as the guiding principle for our country's economic development? Why? [2]
- d) Illustrate with the help of a diagram to show the effect of change in income of a consumer. [2]

### Question 10

- a) "Money is anything which is widely accepted in payments for goods and services". Describe any **THREE** functions of good money. [3]
- b) Explain any **TWO** functions of commercial banks in Bhutan. [2]
- c) Draw a diagram to explain the concept of opportunity cost with example. [1+2]
- d) How will micro finance help decrease poverty in Bhutan? [2]